

Message Text

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TAGS: ETRD EEC EFTA DA

SUBJECT: EC/ EFTA NON- APPLICANTS: RULES OF ORIGIN

REF: COPENHAGEN 035

BEGIN SUMMARY. THE DANISH CUSTOMS AUTHORITIES PUBLISHED JUNE 22 AN INSTRUCTION CONCERNING THE APPLICATION OF ARTICLE 25 (1)(B) IN PROTOCOL 3 TO THE EC' S FREE TRADE AGREEMENTS WITH EFTA COUNTRIES. IT REPRESENTS A MONDERATE LIBERALIZATION OF PREVIOUS RULES BUT NOT TO THE EXTENT HOPED FOR BY DANISH INDUSTRIAL ORGANIZATIONS. END SUMMARY

1. THE DANISH CUSTOMS DEPARTMENT (MINISTRY OF FINANCE) PUBLISHED JUNE 22, 1973, REVISED INSTRUCTION CONCERNING THE APPLICATION AND INTERPRETATION OF ARTICLE 25(1)(B) IN PROTOCOL 3 TO THE EC/ EFTA FREE TRADE ARRANGEMENTS. THE NEW RULES PERTAIN TO THE COMPUTATION OF THE 50 PERCENT ADDED VALUE REQUIRED FOR GOODS TO ATTAIN OR PRESERVE FULL TARIFF PREFERENCE. THEY DO NOT CONCERN BTN CHAPTERS 50 TO 62 (TEXTILES).

2. ACCORDING TO THE NEW RULES, GOODS PRODUCED IN DENMARK/ UK OR IN ANY EFTA COUNTRY GET FULL PREFERENTIAL TREATMENT (FULL ORIGIN) WHEN THE VALUE ADDED IN THESE COUNTRIES IS 50 PERCENT OR MORE OF THE PRODUCTION PRICE. THE VALUE ADDED MAY INCLUDE THE FOLLOWING ELEMENTS:

(A) VALUE ADDED IN PROCESSING, I. E., COST AT FACTORY LESS COST OF ALL MATERIALS USED.

(B) COSTS OF MATERIALS, PARTS AND COMPONENTS MANUFACTURED IN DENMARK/ UK OR IN ANY EFTA COUNTRY AND WHICH HAVE ACQUIRED FULL ORIGIN STATUS.

(C) THE AMOUNT OF VALUE ADDED, IF ANY, WITHIN DENMARK/ UK OR ANY EFTA COUNTRY, TO MATERIALS, PARTS AND COMPONENTS WITHOUT FULL ORIGIN STATUS.

3. SUBPARA 2(A) AND 2(C) ABOVE APPARENTLY REPRESENT NO CHANGE FROM PAST PRACTICE. WE UNDERSTAND 2(B) IS NEW AND A MORE LIBERAL INTERPRETATION THAN IN THE PAST. IT PROVIDES THAT THE FULL COST OF DENMARK/ UK AND EFTA COMPONENTS MAY BE INCLUDED REGARDLESS OF THE CONTENT OF THIRD- COUNTRY MATERIALS PROVIDED THAT THIRD- LIMITED OFFICIAL USE

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COUNTRY CONTENT IS NO GREATER THAN TO PERMIT DENMARK/ UK OR EFTA ORIGIN STATUS OF THE COMPONENTS (I. E., AS SEPARATELY DEFINED FOR VARIOUS COMMODITIES IN THE RULES OF ORIGIN). PREVIOUSLY, SUCH PROCEDURES WERE NOT PERMITTED WITHOUT SPECIFIC DOCUMENTATION OF THE EXACT RATIO BETWEEN ORIGIN AND NON- ORIGIN MATERIALS, AND THEN ONLY WITH THE PERCENTAGE RATE OF ORIGIN MATERIALS. IN THE PAST, WITHOUT SUCH SPECIFIC DOCUMENTATION,

DENMARK/ UK AND EFTA COMPONENTS COULD BE INCLUDED ONLY AT
THE RATE OF 50 PERCENT.

4. THIS DECISION IS APPARENTLY A COMPROMISE BETWEEN THE INITIAL
CHANGE REPORTEDLY SUGGESTED BY SWEDEN (PARA 1(A) OF REFTEL) AND
THE OBJECTIONS RAISED AGAINST IT BYBOTH UK AND SWITZERLAND. THE
SWEDISH PROPOSAL WOULD HAVE INCLUDED IN THE COMPUTATION OF
VALUE ADDED ALSO THE BASIC COSTS OF THIRD- COUNTRY COMPONENTS
WITHOUT RESTRICTIONS. THE COMPROMISE INTERPRETATION NOW
PUBLISHED BY THE DANISH AUTHORITIES STILL PERMITS THE INCLUSION
OF LARGER AMOUNTS OF THIRD- COUNTRY MATERIALS THAN BEFORE.
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